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## **Sudden Burst of Residential Activity in an Overlooked Slice of TriBeCa**



Ruth Fremson/The New York Times

At 372 Broadway, second from left, a five-unit condominium development is planned.

The area of lower Broadway south of Canal Street in Manhattan has long been characterized by nondescript discount stores and lunchtime counters packed with city workers. It has been mostly ignored by the wave of gentrification to the west that has flooded TriBeCa over the last decade, bringing with it baby carriages, designer boutiques and restaurants.

“Along Broadway has always been the funkier part of TriBeCa where you can still find artists,” said Erik Torkells, the editor of the *Tribeca Citizen*, a neighborhood Web site. “People call it Chibeca because of its proximity to Chinatown.”

This may be about to change. On a four-block stretch of Broadway, between Worth and Walker Streets, nine new residential projects are in the works, bringing more than 430 new condominium units to the area. The burst in activity is largely because of a booming condominium market and insatiable demand for downtown luxury apartments that is rapidly encroaching on commercial spaces and transforming old office towers.

In the second quarter this year, the average condominium price in TriBeCa reached \$1,583 a square foot, nearly 17 percent higher than the \$1,354 a square foot posted last year during the similar period, according to data from the appraisal firm Miller Samuel. The median sales price in the neighborhood was \$2.75 million in the second quarter, a significant premium over the \$1.25 million for all of Manhattan, according to the firm. Land prices for development sites have followed, averaging as much as \$500 a buildable square foot in TriBeCa, up from just \$300 a buildable square foot two years ago, brokers said.

“With prices approaching \$2,000 a square foot or better in TriBeCa, it is encouraging the expansion of the core of the neighborhood to adjacent areas like Broadway,” said Daniel Fasulo, a managing director at Real Capital Analytics, a research firm. “The amount of deal-making in the neighborhood is astounding.”

By the start of winter, the first buyers will move in to 93 Worth Street, a 92-unit condominium that features a dog-washing station and a roof-deck terrace. The 18-story building has had swift demand from buyers, with just nine apartments remaining, including four penthouses that are yet to be put on the market. The average sale price is \$1,700 a square foot, according to Eldad Blaustein, the chief executive of IGI USA, the building’s developer.

“This is a brand-new Broadway corridor,” said Doron Zwickel, an associate real estate broker at CORE, which is marketing the building. “Historically, this hasn’t been prime TriBeCa, but it is becoming more desirable.”

One draw has actually been that the building is outside the core of the neighborhood, and not in the flood zone that saw so much damage during Hurricane Sandy last year. “After the storm, we got a lot of interest from people close to the water who wanted to be in the neighborhood but didn’t want to have the risks,” Mr. Zwickel said.

On Leonard Street one block to the south, two buildings are rising: 350 Broadway, a 12-story former office tower, is being converted into a 66-unit condominium. Bizzi & Partners Development, which built the Setai Fifth Avenue in Midtown, began sales in July, and the

building, called 101 Leonard, is more than 60 percent sold. At 346 Broadway, the Miami-based developer Don Peebles is planning a \$350 million renovation to convert the building, which was used by the New York City Criminal Court, into roughly 200 condominium units and a hotel. It acquired the 13-story building in March from the City of New York for \$160 million.

At Broadway and Franklin Street, the developer El Ad is planning the Franklin, a 53-unit condo complex with amenities like a children's playroom and a rooftop pool. The building has gone through a number of failed conversion plans, perhaps most notoriously in 2006, when the Dutch architect Ben van Berkel designed a 20-story apartment building, with glass elevators and a facade of black metal bands. Those plans fell apart during the recession, and El Ad eventually acquired the site.

The Franklin "is the fastest-selling building I've ever had," said Richard Cantor, a principal at the brokerage firm Cantor Pecorella, which is overseeing the marketing. Since sales began in May, 48 of the 53 apartments are in contract. Originally, the units were priced at \$1,350 a square foot, but they were later raised to \$1,550 and then \$1,650. "Now, by the time we sell out, the prices will be closer to \$1,800 a foot; we just sold the largest penthouse for \$10 million, or just under \$2,700 a foot," Mr. Cantor said.

There are also a number of small boutique buildings in the works. The Keystone Group acquired 391 Broadway, a commercial building, eight months ago and is converting it into four residential floor-through lofts with retail space on the ground floor. "With TriBeCa the way it is, there is not enough product for all of the demand, so the neighborhood keeps being pushed eastward," said Daniel Martin, a managing director at Keystone Group. It hopes to complete the project by May.

At 372 Broadway, which is being renamed 6 Cortlandt Alley for the street it abuts, developers are getting approvals to build a five-unit condominium, with sales beginning in the spring. At 361 Broadway, the Japanese architect Shigeru Ban is designing 13 condominium units, including a set of glass duplex penthouses that will be affixed atop the six-story cast-iron building. The plans were approved last year, and construction is set to begin as early as next month, said Dean Maltz, the building's executive architect based in New York.

Another possible development could come at 360 Broadway, where the real estate investor Waterbridge Capital recently acquired the building for \$23 million. Calls to the chief executive, Joel Schreiber, were not returned.

“I’ve done a number of sales on the SoHo side of Broadway, and it seems to me a very natural progression to develop the area below Canal Street,” said Susan Wires, a broker at the brokerage firm Stribling & Associates, which is marketing 6 Cortlandt Alley with her partner, Leila Yusuf. “So many of the buildings that are coming to this area are large-scale, but ours will be really intimate and boutique, something that is missing in the marketplace right now.”

With such a strong condominium market, the land prices for development sites have also skyrocketed. “If you compare where prices are today from 2010, it has gone way up,” said Nick Petkoff, the director of sales at the brokerage firm Massey Knakal Realty Services.

When Mr. Blaustein acquired 93 Worth Street in 2010, for example, he paid roughly \$300 a buildable square foot. “Now, if you are buying buildings to convert, they are costing \$500 to \$550 a square foot,” he said. “We would love to buy more buildings in the neighborhood, but the competition has become fierce.”

The demand for development sites is a key reason that the owners of 396 Broadway have put the vacant building on the market for \$37 million, rather than push ahead with plans to convert it into a 50-unit rental building. “We have approved plans for a residential conversion, and an alternative plan for a hotel,” said Gene Kaufman, the project’s architect. “But the owners right now see that the property is a lot more valuable than it once was, and so it is reasonable that they pause and rethink it, given that the circumstances have improved for the better.”

But while there has been many residential developments, retail activity in the neighborhood remains lackluster. “Retail hasn’t happened yet, it is all very embryonic,” said Roger E. Eulau, an executive managing director at the Lansco Corporation, a retail brokerage firm. Rents are around \$100 to \$150 a square foot, compared with as much as \$1,000 a square foot on Broadway in SoHo, he said.

Still, “we feel that Broadway is going to be a natural gateway that links the Fulton Street Transit hub and the World Trade Center to SoHo, it is a natural thoroughfare for retail,” said Mr. Martin of the Keystone Group. “We are very bullish about this neighborhood’s future.”